



**ROCKY MOUNTAIN
POWER**
A DIVISION OF PACIFICORP

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IDAHO PUBLIC
UTILITIES COMMISSION

1407 West North Temple, Suite 310
Salt Lake City, Utah 84116

September 1, 2016

VIA OVERNIGHT DELIVERY

Jean D. Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

**Re: CASE NO. PAC-E-16-12
IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER
TO UPDATE BASE NET POWER COSTS AND IMPLEMENT A RATE
STABILITY PLAN**

Dear Ms. Jewell:

Please find enclosed an original and nine (9) copies of Rocky Mountain Power's Application in the above referenced matter, along with the direct testimony and exhibit of Mr. Weston and Mr. Wilding. Attachment A contains clean and legislative formatted copies of the rate schedules, Attachment B contains the supporting work papers for the tariffs. Enclosed are two CDs. One non-confidential CD containing the Application, direct testimony, exhibit, and tariff sheets, and one confidential CD containing Mr. Wilding's confidential work papers. The Company has designated these work papers confidential and respectfully requests that they are treated as such.

Informal inquiries may be directed to Ted Weston, Idaho Regulatory Manager at (801) 220-2963.

Very truly yours,

Jeffrey K. Larsen
Vice President, Regulation

Enclosures

Daniel E. Solander (ISB No. 8931)
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Attorney for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER TO UPDATE BASE NET POWER COSTS AND IMPLEMENT A RATE STABILITY PLAN	CASE NO. PAC-E-16-12 APPLICATION
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PacifiCorp, d.b.a. Rocky Mountain Power (“Rocky Mountain Power” or the “Company”) respectfully makes this compliance filing application ("Application") with the Idaho Public Utilities Commission (“Commission”) to reflect an update in rates for base net power costs ("NPC"), as required by Order No. 33440, Case No. PAC-E-15-09. Specifically, the Company requests authorization to decrease NPC in base rates, effective January 1, 2017, to \$91.6 million or \$26.90 per megawatt hour (“MWh”) and establish the \$26.90 per MWh as the new level of base NPC to be tracked in the Energy Cost Adjustment Mechanism (“ECAM”). The NPC update reduces Idaho’s annual revenue requirement approximately \$1.1 million, or \$0.32 per MWh, and if implemented as an adjustment to base rates, it represents a reduction of approximately four tenths of one percent.

In accordance with the Stipulation filed in Case No. PAC-E-15-09, and approved by the Commission in Order No. 33440:

"base rates and base NPC should be updated effective January 1, 2017. The updated base NPC will be the amount reported in the 2015 annual results of operations report, after appropriate pro forma adjustments for weather and abnormal power supply expenses. For the rate spread and rate design of the update to base rates, the Company will use an equal cents per kWh approach consistent with this filing".

Updated clean and legislative tariff sheets reflecting the rate impact to each electric service schedule are provided as Attachment A to this Application. Attachment B contains the proposed impacts by rate schedule.

Alternatively, and for further discussion among interested parties, this Application proposes a Rate Stability Plan, under which there would be no change to rates at this time, but instead the Company would utilize the incremental revenue collection to net against the Commission approved depreciation deferral.¹ Furthermore, discussions with parties on the Rate Stability Plan would address the timing of the next rate case and depreciation study, and elements in the current ECAM that need to transition to base rates. In support of its Application, Rocky Mountain Power represents as follows:

INTRODUCTION

1. Rocky Mountain Power does business in the state of Idaho providing retail electric service to approximately 75,435 customers and is subject to the jurisdiction of the Commission.

¹ Order No. 32910.

COMMUNICATION

2. Communications regarding this Application should be addressed to:

Ted Weston
1407 West North Temple, Suite 330
Salt Lake City, Utah 84116
Telephone: (801) 220-2963
Fax: (801) 220-4648
Email: ted.weston@pacificorp.com

Daniel Solander
1407 West North Temple, Suite 320
Salt Lake City, Utah 84116
Telephone: (801) 220-4014
Fax: (801) 220-4615

Additionally, the Company respectfully requests that all data requests regarding this matter be addressed to one or more of the following:

By email (**preferred**)

datarequest@pacificorp.com

By regular mail

Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232

BACKGROUND

3. On May 27, 2015, the Company filed an application² and supporting testimony to increase retail rates by \$10.2 million effective January 1, 2016, increase the level of NPC recovered in base rates thereby reducing future ECAM deferrals, along with other modifications to the ECAM.

² Case No. PAC-E-15-09.

4. A Stipulation was reached and later approved by the Commission.³ Paragraph 8 in the Stipulation specified that base rates and the NPC in base rates (“Base NPC”) that are compared to actual NPC in the ECAM would also be updated effective January 1, 2017. The update would be based on the amount of NPC reported in the 2015 annual Results of Operations report. The Stipulation specified that the rate spread and rate design would be on an equal cents per kWh basis, consistent with the treatment in Case No. PAC-E-15-09.

RELIEF

5. Pursuant to Order No. 33440, the Company respectfully seeks authorization to update the level of NPC included in rates and reset Base NPC, base retail load, the Load Change Adjustment Rate (“LCAR”), Production Tax Credit (“PTC”), and Renewable Energy Credit (“REC”) rates effective January 1, 2017.

6. This Application is supported by testimony of Mr. Ted Weston and Mr. Michael Wilding. Mr. Weston’s testimony provides a summary of the Application and explains the Company’s proposal for an alternative Rate Stability Plan. Mr. Wilding’s testimony explains how the NPC update was calculated and the main drivers causing the changes to NPC.

7. For further discussion among the parties and consideration by the Commission, the Company is proposing an alternative to implement a new Rate Stability Plan, as described in Mr. Weston’s testimony. The alternative Rate Stability Plan would keep rates at the current level and utilize the incremental revenue collected to offset other regulatory assets mitigating customers’

³ Order No. 33440.

future rate impact. For purposes of the ECAM calculation, the updated Base NPC reflected in this filing would be used.

8. In the 2015 Annual Results of Operations report, total Company NPC were \$1,485,447,775 of which Idaho's allocation is \$91,646,156 or \$26.90 per MWh based on retail load of 3,407,488 MWh. The Company requests that Base NPC be updated to this level and that the Load Change Adjustment Rate ("LCAR"), Production Tax Credit ("PTC"), and Renewable Energy Certificate ("REC") rates all be updated utilizing the 2015 retail load.

9. NPC currently in rates are \$1,529,427,580 on a total Company basis, Idaho's allocation was \$94,801,644 or \$27.21 per MWh based on Idaho retail load of 3,483,480 MWh. Approximately \$2.1 million of the \$3.2 million reduction to Idaho's allocated NPC is associated with Idaho's retail load reduction of 75,992 MWh.

10. Idaho's 2015 retail load was 3,407,488 MWh and Base NPC were \$27.21 per MWh, therefore the Company collected \$92,733,539 associated with NPC. When compared to the updated Base NPC of \$91,646,156 a net reduction of \$1,087,383 to Idaho's annual revenue requirement or approximately \$0.32 per MWh would be justified as summarized in the following table:

Rate Stability Proposal	Total	Idaho	MWH	\$ / MWH
Base NPC	\$ 1,529,427,580	\$ 94,801,644	3,483,480	\$ 27.215
NPC Collected		\$ 92,733,539	3,407,488	\$ 27.215
December 2015 Normalized NPC	\$ 1,485,447,775	\$ 91,646,156	3,407,488	\$ 26.896
Impact of NPC Update		\$ (1,087,383)	3,407,488	\$ (0.319)

11. For the alternative Rate Stability Plan, the Company would not change rates January 1, 2017, associated with this update, and instead, would apply the incremental revenues

of \$1.1 million that result from the reduction in Base NPC against the depreciation deferral from the 2013 depreciation study.⁴

12. Furthermore, the Company intends to engage parties in a discussion as part of the Rate Stability Plan alternative on the potential to treat any rate reduction associated with the 2017 ECAM filing, on April 1, 2017, in the same manner. Currently in Electric Service Schedule 94, Energy Cost Adjustment, rates are designed to collect approximately \$14.5 million. The Company's current forecast for the 2016 ECAM deferral is approximately \$9.0 million. The Company anticipates that the ECAM collection rate could be reduced June 1, 2017, in the range of \$4.5 to \$5.5 million depending on the actual deferral and collection amounts. Rather than reducing the ECAM rates, the Rate Stability Plan could alternatively hold the ECAM rates constant and apply the incremental revenue collection to also offset the 2013 depreciation deferral.

13. The Rate Stability Plan could benefit customers by keeping rates stable and using the incremental revenue collected from the NPC and ECAM updates to offset future rate impacts from amortization of the depreciation deferral or other deferrals. In light of these benefits, the Company intends to meet with parties to discuss this alternative to the January 1, 2017 compliance rate decrease.

MODIFIED PROCEDURE

14. Rocky Mountain Power believes that a hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under Modified Procedure, i.e., by written submissions rather than by hearing. RP 201 *et. seq.*

⁴ Order No. 32910. The forecast balance for the depreciation deferral through December 31, 2017 is a regulatory asset of approximately \$6.9 million.

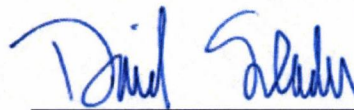
REQUEST FOR RELIEF

For the reasons set forth above and described in the testimony of Mr. Weston and Mr. Wilding, Rocky Mountain Power respectfully requests that the Commission approve the Company's filing by: (1) issuing an order authorizing that this matter be processed by Modified Procedure; (2) approve Idaho's new Base NPC of \$91,646,156 or \$26.90 per MWh and Idaho base retail load of 3,407,488 MWh; (3) approve the new LCAR, PTC, and REC rates summarized in Mr. Wilding's testimony. In the event parties cannot reach agreement on the alternative Rate Stability Plan, the Company requests approval of the tariff revisions included in Attachment A, to be effective January 1, 2017.

Rocky Mountain Power respectfully requests that the Commission issue an order approving the Application no later than December 15, 2016, with a January 1, 2017 effective date.

DATED this 1st day of September, 2016.

RESPECTFULLY SUBMITTED,
ROCKY MOUNTAIN POWER



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